

191920

STATE OF SOUTH CAROLINA

(Caption of Case)

In the Matter of:
Petition of the Office of Regulatory Staff to
Establish Dockets to Consider Implementing
the Requirements of 1251 (Net Metering and
Additional Standards of the Energy Policy Act
of 2005

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COPY

Posted: led

COVER SHEET

Dept: S.A

Date: 4/15/08

DOCKET

NUMBER: 2005-385-E

Time: 4.00

(Please type or print)

Submitted by: FRANK KNAPP JR

SC Bar Number: _____

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DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition ☒ Request for item to be placed on Commission's Agenda expeditiously

☐ Other: _____

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)		
<input checked="" type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input type="checkbox"/> Request
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input checked="" type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input checked="" type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other: _____
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest	
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit	
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report	

RETURN DATE: OK due 5/8/07
SERVICE: OK

APR 16 2008
PSC SC
DOCKETING DEPT.

STATE OF SOUTH CAROLINA
BEFORE THE PUBLIC SERVICE COMMISSION

DOCKET NO. 2007-358-E

In the Matter of:)

)
Petition of the Office of Regulatory)
Staff to Establish Dockets to consider)
Implementing the Requirements of)
1251 (Net metering and Additional)
Standards of the Energy Policy Act of)
2005)

) SURREBUTTAL TESTIMONY OF
) FRANK KNAPP, JR., ON BEHALF OF
) PAMELA GREENLAW)

SC PUBLIC SERVICE
COMMISSION

2008 APR 15 PM 12:33

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1 **Q. PLEASE STATE YOUR NAME, ADDRESS AND AFFILIATION.**

2 A. My name is Frank Knapp, Jr. I am the president and CEO of The South
3 Carolina Small Business Chamber of Commerce, 1717 Gervais Street, Columbia,
4 SC 29201.

5 **Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THE DOCKET?**

6 A. Yes, I have provided direct testimony on behalf of Pamela Greenlaw.

7 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

8 A. The purpose of my surrebuttal testimony is to respond to the responsive
9 testimony of Progress Energy Carolinas Witness B. Mitchell Williams and to add
10 other comments.

11 **Q. MR. WILLIAMS STATES THAT PROGRESS ENERGY CAROLINAS**
12 **(PEC) ADDRESSES ALL THE CONCERNS YOU RAISE IN YOUR**
13 **TESTIMONY WITH ONE EXCEPTION. DO YOU AGREE WITH HIS**
14 **ASSESSMENT?**

15 A. First, let me thank Mr. Williams for acknowledging the report "Freeing
16 the Grid" as a reputable source document on net metering worthy of
17 consideration.

18 However, Mr. Williams has not responded to the specific concerns I
19 raised. He simply says that the "PEC's net metering proposals adequately
20 address all of the concerns" (page 6, lines 21-22) without providing any details
21 as to how PEC's net metering proposal addresses the concerns. Mr. Williams
22 does acknowledge that the PEC net metering proposal limiting the size of
23 individual eligible renewable-energy systems might be a concern that the
24 company will have to deal with later (page 6, lines 22-24, page 7, lines 1-4).

25 **Q. MR. WILLIAMS RESPONDS TO YOUR CONCERNS THAT NORTH**
26 **CAROLINA IS A POOR MODEL FOR A NET METERING PROGRAM**
27 **DUE TO THE NEGILIBLE CONSUMER RESPONSE TO THEIR**
28 **PROGRAM AND THE FAILING GRADE GIVEN TO THE NORTH**
29 **CAROLINA PROGRAM USING METHODOLOGY FROM THE**

**INTERSTATE RENEWABLE ENERGY COUNCIL. DOES MR.
WILLIAMS RESPONSE ADDRESSED YOUR CONCERNS?**

A. No, it does not. Mr. Williams argues that the North Carolina Net Metering Program is not being utilized because the non-net metering NC GreenPower program is more financially attractive to customer generators (page 7, lines 10-13, lines 20-23). This statement is an acknowledgement that the North Carolina's Net Metering Program is not designed well enough to encourage participants. This goes to the heart of Commissioner Wright's inquiry in the February 14, 2008, hearing (page 38, lines 13-23). Commissioner Wright asks the large energy producers if they would characterize their tariffs as being designed to encourage customers to participate in net metering or if they've been designed to just to make net metering available.

**Q. IN RESPONSE TO COMMISSIONER WRIGHT'S QUESTION
ABOUT WHETHER THE PROPOSED TARIFFS ARE REALLY
DESIGNED TO ENCOURAGE PARTICIPATION, DID ANY OF THE
LARGE ENERGY PRODUCERS INDICATE THAT THE PERCEIVED
FINANCIAL ATTRACTIVENESS OF THE PROPOSED NET METERING
PROGRAM WAS A CONCERN?**

A. No, they did not. The companies universally stated that they believed that the proposed tariffs did encourage participation in spite of the fact that the North Carolina Net Metering Program is currently a failure. Mr. Anthony of PEC specifically stated that their tariffs proposed for South Carolina were "vetted" in North Carolina and seem "to be fair as far as providing a proper incentive and support for net metering customers..." (page 39, lines 7-15).

However, to the degree that the companies admit that the North Carolina program has very low net metering participation, the causes they cited at the February 14, 2008, meeting were other than financial. Ms. Yarborough of Duke Entergy Carolinas attempts to blame poor participation in North Carolina on solar energy businesses, which market the equipment, not informing customers of requirements of the program (page 41, lines 8-13).

1 Consumer information is also cited by the companies as important to
2 participation. All companies will attempt to address this concern through
3 websites and specific points of contact with trained employees. However, none
4 aside from Mr. Williams Responsive Testimony give any consideration to a net
5 metering programs financial attractiveness as being a key determinant of
6 participation.

7 **Q. DOES MR. WILLIAMS REFUTE ANY OF THE CRITERIA IN THE**
8 **METHODOLOGY USED BY THE INTERSTATE RENEWABLE**
9 **ENERGY COUNCIL THAT HAS RESULTED IN A GRADE OF “F” FOR**
10 **THE NORTH CAROLINA NET METERING PROGRAM?**

11 **A.** No, he does not. This is particularly troubling in that the poor
12 participation in the North Carolina Net Metering Program appears to support the
13 failing grade given to it in comparison to the other states with net metering
14 programs.

15 **Q. IS THE NC GREENPOWER PROGRAM MENTIONED BY MR.**
16 **WILLIAMS AN ACCEPTABLE SUBSTITUTE FOR AN EFFECTIVE NET**
17 **METERING PROGRAM?**

18 **A.** Neither the NC GreenPower Program nor the Palmetto Clean Energy
19 Program (PaCE) are net metering programs and thus cannot be substitutes for net
20 metering programs. These programs are valuable because they do offer a vehicle
21 for consumers to support the use of renewable energy by voluntarily contributing
22 money that is used to increase the financial attractiveness for customer generators
23 who put all of their energy production on the grid.

24 It is understandable that the large energy producers are excited about these
25 programs and tout them as the primary vehicle for stimulating renewable energy
26 production as the attorney for Duke Energy Carolinas, Catherine Heigel, stated at
27 the February 14, 2008, hearing (page 43, lines 11-17). In North Carolina the
28 companies are not required to do much more than to connect the customer
29 generator to the grid, electronically administer the program, accept all the
30 generated power and pay the lowest avoided cost for the effort. The customer
31 generator and the energy consumer contributors do most of the work and bare

1 most of the expenses and financing. South Carolina's PaCE program is a
2 variation of this model.

3 But like the net metering program, the success of NC GreenPower and
4 PaCE will come down to cost to the customer generator. When these programs
5 fail to be financially attractive to the customer generator, participation will drop.

6 So if we want a net metering program to be more than just making it
7 available and if we really want it to encourage participation, then we have to
8 make it as well designed as in the states rated with good programs and this must
9 include making it financially attractive to the customer generator. Whether the
10 latter is done through higher payments per kwh or subsidizing equipment
11 purchases and installation or assistance for some other cost to the customer
12 generator, the Commission will have to make this decision. But this will be the
13 decision that will determine the real answer to Commissioner Wright's question.

14 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

15 **A.** Yes, it does.

CERTIFICATE OF SERVICE

I, Frank Knapp, Jr., hereby certify that I have placed copies of the Surrebuttal Testimony of Frank Knapp, Jr., for Pamela Greenlaw in the U.S. mail on this date to the parties of record at the addresses shown below, with sufficient postage attached.

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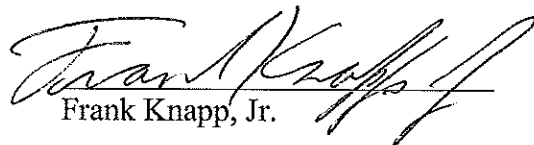
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This the 15th day of April, 2008


Frank Knapp, Jr.

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